

A Report Of The Study
Of Organized Crime's Infiltration
Of The Pizza And Cheese Industry



THE PENNSYLVANIA CRIME COMMISSION

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THE PENNSYLVANIA CRIME COMMISSION
1980 REPORT ON ORGANIZED CRIME
AND THE CHEESE AND PIZZA INDUSTRY

The Pennsylvania Crime Commission (PCC) has documented the ties to Organized Crime of apparent legitimate cheese and pizza businesses which are or have been located in 54 Pennsylvania cities and towns.

The Report which follows is the result of a two-year investigation of the pizza and cheese business in Pennsylvania and its ties to Organized Crime figures in the State, other states and Canada.

The widespread illegal activities of the controllers of these businesses have cost Pennsylvania taxpayers incalculable millions of dollars in state, local, and federal taxes; provided safe-harbor for hundreds of illegal aliens; driven out legitimate business competition; cost human life through murder and arson; and provided millions of dollars in cash for Organized Crime.

The Report is not intended to be an exhaustive analysis of the investigation into the cheese and pizza industry and does include citations for many businesses which were controlled by Organized Crime during the past ten years but since have been

^{1.} See Appendix 1 for a listing of cities and towns.

sold, closed, or moved. Other of the businesses and the illegal practices flourish today.

The Report establishes, for the first time, the actual control and ownership of these operations which is not readily available through the examination of routine corporate records maintained by the Commonwealth of Pennsylvania.

"SKIMMING"

The Crime Commission investigation has established that these interlocked businesses routinely engage in identical and continuous skimming of millions of dollars of cash income each year. This practice defrauds tax agencies of substantial tax payments and creates the need for higher taxes on individuals and other legitimate business operations.

An example of the magnitude of the skimming operations is the operation run for six years by Antonio Stabile, the owner of the Italian Delight pizza shop in the King of Prussia Mall in Montgomery County.

It is estimated that in those six years, Stabile skimmed nearly a million dollars in cash from the shop's income. The Pennsylvania Crime Commission investigation determined that Stabile or his shop manager made regular exchanges of small denomination currency for larger bills at a nearby bank. Those larger bills were never included in the shop's bank deposits.

The amount of money exchanged and then skimmed from the shop's income totaled from \$1,000 to \$8,000 per week which in many instances was more than the total monthly sales as reported to the management of the King of Prussia Mall. As is the case with most mall and shopping center lease arrangements, a part of the rental payment is figured on the monthly sales receipts of the tenant. By skimming cash, the pizza shop was defrauding the Mall in addition to the government taxing agencies.

Stabile, who never was a United States citizen, and who testified at a Crime Commission hearing in January, 1979, sold the Italian Delight pizza shop in June of last year and left the country.

The skimming practice of Stabile's Italian Delight shop is similar, if not identical, to those at the more than 75 Pennsylvania pizza shop locations investigated by the Pennsylvania Crime Commission.

A conservative estimate would indicate that nearly \$4-million annually in unreported cash income was skimmed from the locations examined by the Pennsylvania Crime Commission.

Considering the limited nature of the investigation, the Pennsylvania Crime Commission estimates that more than \$20-million in annual cash income is skimmed by Organized Crime controlled pizza shops in Pennsylvania.

ILLEGAL ALIENS

The network of Organized Crime controlled pizza shops serves as a readily available employment haven for a mobile force of illegal (and legal) aliens. ²

In the first ten months of 1979, more than one-half of the illegal aliens arrested in central and eastern Pennsylvania by the Immigration and Naturalization Service (INS) were picked up in pizza shops. In the five years prior, more than 100 illegal aliens had been arrested in eastern Pennsylvania pizza shops.

The supply of illegal aliens provides Organized Crime with manpower at near slave-labor cash wages. The illegal aliens who work (and sometimes live) at pizza shop locations investigated by the Pennsylvania Crime Commission are not listed as employees, have no social security identification, and therefore do not exist insofar as government taxing agencies are concerned.

The illegal aliens must comply--willingly or unwillingly--with the practices of Organized Crime and eventually become part of the system or risk exposure and certain deportation.

Illegal aliens in Pennsylvania pizza shops obviously run a risk even greater than arrest and deportation. Apparently

^{2.} A chart showing the mobility of the employees of several pizza shop chains mentioned in this report appears in Appendix 2.

the controllers of Organized Crime have a concern that the arrest of an illegal alien might provide a cooperative witness for law enforcement agencies.

Stefano Sciarrino, who was employed at the now closed Pizza Palace in Levittown (Bucks County), was arrested in 1972 as an illegal alien. One of the owners of the pizza shop posted his \$2,500 bail--in cash. Sciarrino pleaded guilty to entering the United States illegally. He was then deported upon completion of his sentence.

On January 4, 1973, Stefano Sciarrano was found in the parking lot of a Bristol (Bucks County) restaurant bound and executed in gangland fashion.

La Riviera Pizzeria of Phoenixville (Chester County) is an example of how pizza shops included in this report managed to function in a normal businesslike manner by utilizing a work force which, according to government records, did not even exist. In 1973, the only wages reported to the government as being paid to employees was the \$4,300 in salary to the manager and yet two or three persons were working at the shop at all times. Some of those non-existent employees were observed (along with the manager) by Pennsylvania Crime Commission investigators. The investigation determined that they made cash exchanges at a local bank. These exchanges were part of the regular "skimming" practices of the shop which were confirmed by the Crime Commission investigation.

An apartment across the street from the Village Mall in Horsham (Montgomery County) was home for the illegal aliens working at the Roman Delight pizza shop in the Mall. Because the Organized Crime network recognizes the necessity of mobility in the illegal alien market, it is extremely difficult for the INS to track down such aliens. However, the agency did manage to arrest one such alien at the Village Mall Roman Delight shop. None of the aliens were reported to government taxing agencies as being employed at the shop. In fact, for the final quarter of 1978, the shop lists only one employee.

ARSON

The Report of the PCC of the two year investigation includes twenty arson suspected fires at Pennsylvania pizza shops.

Pizza shop arsons are responsible for at least four deaths and have proven to be an effective means of dealing with competition and a profitable means of closing out an operation at the expense of the insurance industry.

In an apparent attempt to limit competition, the Little Italy Pizza Shop in Pottstown was firebombed three times in the first ten months of 1975 before it had opened for business.

Two arsonists were killed in the July, 1977, firebombing of a pizza shop in Ambler (Montgomery County). Two more

arsonists died in the conflagration which swept a downtown Pittsburgh pizza shop exactly one month later. And, a confessed arsonist testified at a trial that he believed he was to have died in the fire that he set in a Hazleton (Luzerne County) pizza shop in September, 1977.

The rash of pizza shop arsons and the resultant deaths precipitated the Crime Commission's investigation into Organized Crime's involvement in the pizza and cheese business.

Near the conclusion of the Crime Commission's investigation, another Organized Crime figure who worked at a Pennsylvania pizza shop was killed. In July, 1979, Organized Crime leader Carmine Galente and his bodyguard and part-time chauffeur, Leonardo Coppola, were assassinated in a New York City restaurant. Crime Commission agents determined that Coppola maintained an apartment in Chester (Delaware County), Pennsylvaia and had worked in a nearby pizza shop before his murder.

CONTROL OF MANUFACTURE AND DISTRIBUTION IN THE CHEESE INDUSTRY

In Pennsylvania, two major cheese and dairy operations are touched by Organized Crime--one as a victim and the other as the distributor of cheese produced by a Canadian firm with complex ties to Organized Crime:

- The Farmers' Cheese Co-op in New Wilmington (Lawrence County), Pennsylvania and its parent Co-op were victimized of

hundreds of thousands of dollars in an elaborate scheme set up by the Falcone brothers of Brooklyn, New York. The Falcones have been associated with the Gambino criminal organization which continues to operate pizza shops in Pennsylvania and New Jersey.

- B & T Cheese of Hellam (York County), Pennsylvania is one of only three United States distributors of cheese made by G. Saputo & Sons, Ltd. of Montreal, Canada. The Saputo Company has been directly linked to the Joseph Bonanno criminal organization.

B & T Cheese of Hellam is considerably more than a local enterprise that has been favored by the Saputo Company. Joseph Borsellino, an officer of Saputo Cheese, is the brother of Liborio Borsellino, co-owner of B & T Cheese of Hellam. And B & T Cheese was listed as a part owner of another company which had applied for permission to build a cheese plant in St Albans, Vermont. In August of 1978, Vermont officials rejected the proposed cheese facility because of its ties to Organized Crime. In 1978, the son of Joseph Bonanno, William Bonanno, admitted to a Vermont news reporter that his father was directly associated with Saputo Cheese. Saputo, in turn, has direct business ties to B & T Cheese of Hellam, Pennsylvania.

Additionally, another legitimate business (Pizza Hut) has been victimized by Organized Crime activities in Pennsylvania.

On February 20, 1977, thieves stole \$150,000 of pizza supplies from the Pizza Hut warehouse in Langhorne, Bucks County, Pennsylvania. The Crime Commission investigation determined that the stolen supplies were sold to pizza shops in Pennsylvania, New Jersey and New York.

These three instances are examples of how Organized Crime has struck at and infiltrated the Pennsylvania business community.

CONCLUSION

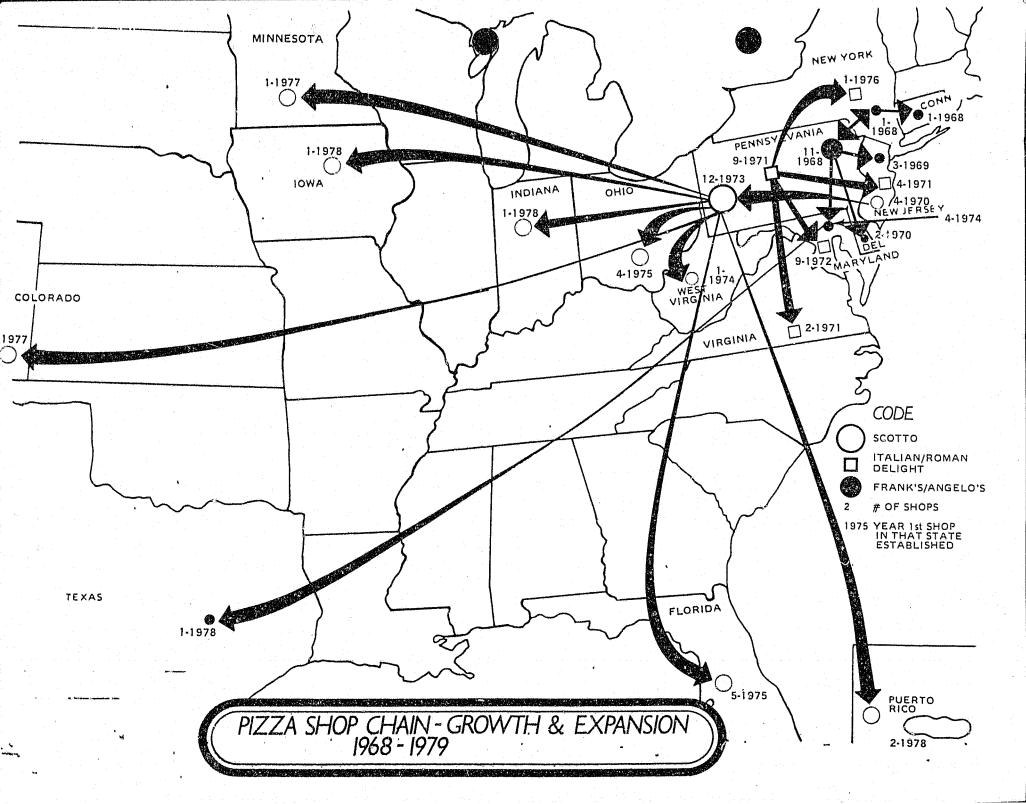
Manufacturers, wholesalers, and distributors operated by Organized Crime in Pennsylvania and elsewhere now control a substantial part of sales and deliveries to legitimate pizza shops in addition to those shops already under the ownership and control of criminal organizations.

The systematic evasion of taxes by every element of the criminally controlled cheese and pizza businesses is so extensive that the Pennsylvania Crime Commission places only a minimum estimate of \$25-million in annual unreported income in Pennsylvania.

The Crime Commission's probe confirms that Organized Crime connected pizza and cheese businesses have made large amounts of money in Pennsylvania through questionable business practices and connections. With this large cache of money, these businesses have been able to expand their operations

into other States. On the following page is found a chart which illustrates the fact that this expansion from Pennsylvania with Pennsylvania money has made the problem one of national import.

This Report of the Pennsylvania Crime Commission concludes with various recommendations for more effective federal, state and local enforcement and more stringent federal and state law.



RECOMMENDATIONS:

SKIMMING

This investigation of the pizza and cheese industries has determined that skimming of business income is a common practice in these industries. As a result, substantial amounts of tax dollars are lost to the Commonwealth and other taxing authorities every year. The practice of skimming is most likely not limited to this industry but is probably occurring in many industries that are cash based. As a result the Commission recommends that:

- (a) The business and professional community of Pennsylvania effect a joint effort with the Legislature to enact law, regulation, and procedure which will make skimming a more dangerous and less profitable activity for all cash businesses. Either the Department of Revenue or the Commerce Department could well act as a catalyst in convening a business task force to propose legislative solutions.
- (b) The Pennsylvania Department of Revenue should intensify current investigative, enforcement and collection procedures concentrating on this and similar cash businesses.

ILLEGAL ALIENS

This industry could not act as they have without the silent obedience of illegal aliens, but no Pennsylvania

State agency has the authority to act in immigration matters.

Reliance must be placed on Federal action. State and local law enforcement can, however, supplement the Federal effort. If state and local law enforcement agencies observe situations as described in this report, they are urged to contact U.S. Immigration and Naturalization Service officials. Also the Commission calls upon the Immigration and Naturalization Service to carefully consider the problems and practices regarding illegal aliens pointed out in this report and consider an increase in enforcement efforts.

CORPORATE REGISTRATION

A more detailed and stringent reporting requirement should be considered for Pennsylvania corporations, particularly for foreign corporations doing business in the Commonwealth. In addition to the enactment of minimum annual reporting requirements, all changes in corporate structure should be required to be reported immediately. Enforcement of the requirements should be strict. More detailed observations on this matter will be made in the Crime Commission's comprehensive report on organized crime now in preparation.

OTHER CRIMINAL ACTIVITY

(a) Where perjury, arson, bankruptcy fraud and other offenses have been identified, the details have been furnished by the Crime Commission to appropriate federal, state and county prosecutors.

(b) The investigation has shown much of the illegal and questionable activity to have an interstate character. Accordingly, we recommend that the U.S. Attorneys/Federal Strike Forces consider use of the Federal RICO statute where possible. This report has been furnished to appropriate federal officials.

THE PENNSYLVANIA CRIME COMMISSION REPORT OF A STUDY OF ORGANIZED CRIME'S INFILTRATION AND CONTROL OF THE CHEESE AND PIZZA INDUSTRY IN PENNSYLVANIA AND ELSEWHERE

March 1980

A substantial number of the retail pizza shops in Central and Eastern Pennsylvania are or have been controlled by Organized Crime.

The control of this highly visible, direct-to-the-public business followed after major criminal organizations had taken over certain manufacturing and distributing aspects of the specialty cheese and pizza supply business.

The investigation of this specific area of commerce by the Pennsylvania Crime Commission was prompted by a rash of arsons of pizza shops, a gangland style murder of a pizza shop employee, and fraudulent business practices which caused severe economic harm to a Pennsylvania cheese producer.

The study of the industry has revealed Organized Crime influence and control of the industry from the beginnings of cheese production, through a distribution system, to the corner pizza shop.

The control of the industry has reaped enormous amounts of unreported cash for Organized Crime and the continuation of that illegal cash flow is guaranteed through roughshod

and illegal tactics in the marketplace. It has brought death, arson, insurance fraud, economic loss to legitimate business, and higher taxes for everyone.

The actual control of the cheese and pizza business begins with no less a figure than Joseph Bonanno, Sr. Bonanno, now living in Tucson, Arizona, is still regarded as one of the most powerful leaders of Organized Crime in America.

Bonanno initiated a conspiracy to control the specialty cheese business in the United States in the early 1940's and even today he and his associates control the activities of the largest and most prosperous specialty cheese companies. 3 & 4

Bonanno has direct ties to Grande Cheese of Wisconsin; through it to Grande's exclusive distributor in the Pennsylvania area, Roma Foods of South Plainfield, New Jersey; and through the distributor to hundreds of retail pizza shops which have been financed and controlled by the organization in Pennsylvania and New Jersey.

^{3.} An outline of Organized Crime cheese producers and distributors is found in Appendix 3.

^{4.} Joseph C. Bonanno, Sr. was indicted by a Federal Grand Jury in the Northern District of California along with Jack DiFilippi for conspiracy to obstruct justice. DiFilippi was also indicted for perjury. The indictments were handed down on April 26, 1979 and are pending.

Additionally, Bonanno has been associated with G. Saputo & Sons, Ltd. of Montreal since 1964. This major Canadian cheese manufacturer has been a substantial supplier to the pizza industry in the United States and has significant influence in the operations of its American distributors.

B & T Cheese of Hellam (York County), Pennsylvania is one of only three U.S. distributors for the Bonanno-related Saputo company.

Joseph Bonanno's involvement in the activities of these companies and the companies' other ties to Organized Crime figures have led Vermont authorities to reject the application of Jolina Cheese Company for the construction of a cheese plant in that State. 5 Jolina Cheese, a newly formed corporation, had been created by Saputo, B & T Cheese of Pennsylvania, and another Saputo distributor, California Olive Oil.

B & T Cheese of Hellam, Pennsylvania is influenced by Saputo through an owner of B & T. The Pennsylvania company is owned by Liborio Borsellino and Peter Terroso.

The Pennsylvania Crime Commission's investigation has led it to cooperate with New York State authorities in a current investigation into another Saputo formed company,

^{5.} A chart of Bonanno connections to the cheese industry is found in Appendix 4.

Utica Cheese, which has applied for a license to operate a cheese plant in that State.

ORGANIZED CRIME COMPANIES DEFRAUD PENNSYLVANIA CHEESE PRODUCER

The Falcone brothers of Brooklyn, New York--formerly associated with Bonanno-tied Grande Cheese and partners with a Grande officer in other Wisconsin cheese companies--built and operated for a decade a network of fraudulent "paper companies" designed to produce millions of dollars for the Falcones only to collapse financially when challenged by claims of their legitimate business victims. Farmers' Cheese Co-op of Pennsylvania was one of those victims.

Farmers' Cheese Co-op of New Wilmington (Lawrence County),

Pennsylvania suffered severe difficulties in what had begun
as an apparent legitimate proposal by Organized Crime controlled
companies to purchase substantial quantities of mozzarella
cheese.

The Lawrence County Co-op began doing business with the fraudulent companies after its marketing agent and parent Co-op, Valley Lea Dairies, Inc. of South Bend, Indiana, had agreed to initial purchases of specialty cheese by the criminally controlled business fronts.

The Falcone brothers--Vincent and Joseph--constructed their fake business empire so that, on paper, the companies

appeared attractive as a new, major customer for legitimate cheese manufacturing companies such as those affiliated with Valley Lea Dairies.

In reality, what the Falcones had constructed was a system to produce millions of dollars for the Falcones, confuse their suppliers, insulate the Falcones from any financial risk, and eventually cause great economic harm to the suppliers.

Early in 1974, the Falcones approached Valley Lea officials and proposed to buy substantial quantities of mozzarella cheese from various of their 13-member Co-ops. Impressed with the opportunity for such substantial new business, Valley Lea officials began negotiations with the Falcones.

After beginning negotiations as Falcone Dairy Products, the Falcones switched before signing the agreement to the name of a Falcone subsidiary--Lido Cheese. Again, the Falcones switched before signing to the name of another subsidiary--United Cheese Corporation.

After accepting the initial shipment of cheese from a Valley Lea associated Co-op, the Falcones established themselves as a major customer for cheese produced by another Valley Lea Co-op--Farmers' Cheese Co-op of New Wilmington, Pennsylvania.

Beginning in October of 1974, the Pennsylvania Co-op manufactured mozzarella cheese with the supervision and outdated equipment supplied by their new customer, the Falcones.

Because of the poor condition of the Falcone's equipment, Farmers' Co-op replaced it with new equipment and was instructed by the Falcones to ship the old machinery to Badger State Cheese Company in Wisconsin.

Shortly after Farmer's Cheese of Pennsylvania and other Valley Lea associated Co-ops started doing business with the Falcones, the Comptroller for Valley Lea recognized the instability of the financial arrangements with the Falcones.

In memorandum to the Valley Lea sales manager, the Comptroller wrote: "This is getting to be very confusing. These people (the Falcones) should be on a bill-to-bill for cash-with-order basis only. With this letter, I am going on record, that we do not sell these people another pound of product until their account is paid in full. This whole thing scares me to death, and I feel this is the thing we have to do."

In an effort to resolve the financial problems with the Falcone's company, a representative of Valley Lea met with Vincent Falcone concerning non-payment for cheese produced by Farmer's Co-op of Pennsylvania. The resolution to the collection problem resulted in the creation of additional difficulties for Valley Lea and therefore Farmer's Co-op.

The Falcones agreed to pay a 1% monthly interest charge on overdue accounts, the Co-ops could collect from the Falcone clients if payments fell further behind, and the Co-ops secured a \$100,000 mortgage on certain Falcone cheese making equipment.

At this time, Valley Lea was owed nearly \$275,000 by the Falcones for cheese produced by Farmer's Co-op.

The Falcones then resorted to claiming that they had received substantial quantities of "bad" cheese and demanded credit against their account.

After experiencing continuous stall tactics by the Falcones, the Valley Lea executive director, Everett Meeks, wrote a memorandum to Comptroller Dale Chapman: "My own evaluation is that we are in deep and serious trouble with this account and that they are keeping themselves alive through cheese we have furnished and for which we have not received payment."

In desperation, Valley Lea foreclosed the \$100,000 mortgage they held on the Falcone equipment, attempted to collect directly from Falcone customers, and brought suit against the Falcone companies in New York State. All of this activity commenced in November, 1975, only fifteen months after the start of the Co-ops' business arrangements with the Falcones.

This is what happened:

- Valley Lea suffered a 13% decrease in the value of preferred stock and associated Co-ops suffered severe financial problems;
- the Falcone companies -- United Cheese and Lido Cheese -- immediately went out of business;
- Falcone customers claimed credits for bad cheese or claimed they had already paid the Falcones; and
- the equipment, which had been secured by a \$100,000 mortgage, brought only \$6,000 at auction.

After nearly four years of pursuit in New York State Courts, Valley Lea and its member co-ops have won a somewhat Pyrrhic victory over the Falcones. In July of last year, the New York State Supreme Court signed an order confirming the referee's report and entered a judgment against the Falcone brothers for nearly \$700,000. The major portion of that judgment was the claim for cheese produced by Farmer's Cheese Co-op of New Wilmington, Pennsylvania.

Valley Lea officials have informed the Pennsylvania Crime Commission that they are having difficulty executing on that judgment.

The Pennsylvania Crime Commission is continuing its investigation and continues to monitor the activities of the

Falcones. 6 Vincent Falcone is currently employed as plant supervisor and sales broker for La Roma Cheese Company, Hazleton, Pennsylvania.

OTHER FALCONE FRAUDS

The Falcones have promoted similar schemes in Wisconsin and Minnesota in association with Thomas Gambino, a nephew of the late Organized Crime figure Carlo Gambino.

Earlier, the Falcones had established another subsidiary company--Alburg Creamery--in Alburg, Vermont and quickly established the Creamery and Falcone Dairy as major customers of the legitimate Milton (Vermont) Co-op Creamery. Using the same non-payment techniques and claims for bad cheese, the Alburg Creamery had built up a debt of more than \$500,000 to the Milton Co-op and other suppliers before it was destroyed by fire of suspicious origin. The subsequent suits and other legal actions eventually led to the conviction of Joseph Falcone and his office manager for bankruptcy fraud.

The Pennsylvania Crime Commission investigation has determined that the Falcones and Thomas Gambino drove another company into bankruptcy in 1976. In December of 1975, the Falcones and Gambino bought 70% of the stock of the previously

^{6.} A chart of Falcone connections to the pizza and cheese industry is found in Appendix 5.

family-owned Badger State Cheese Company in Luxemburg, Wisconsin. Eight months later, Badger State Cheese collapsed in disarray with \$1.3-million in debts.

The Falcones and Gambino had taken over Badger and arranged that Capitol Cheese of Brooklyn, New York be the major customer and distributor for Badger. Capitol Cheese of Brooklyn was operated by Joseph and Thomas Gambino. Joseph Gambino is a leader in the Carlo Gambino crime organization. Capitol Cheese directed delivery of Badger State cheese to Capitol's customers, collected payment from the customers, and then the cash disappeared. When Capitol Cheese owed Badger State Cheese \$560,000, Badger State closed down and the Wisconsin State Department of Agriculture placed the company in trusteeship. Capitol Cheese—the Gambino business in Brooklyn—has since gone out of business.

The Pennsylvania Crime Commission investigation--in addition to establishing the fraudulent nature of the Falcones' enterprises already mentioned--established yet another scheme which has been referred to appropriate law enforcement agencies in other jurisdictions for further investigation and prosecution.

The scheme uncovered by Crime Commission investigators involves the Valley Lea Co-op of Indiana again and a spectacular "sting" by the Falcone brothers.

In December, 1974, one of the Valley Lea member Co-ops shipped more than 150,000 pounds of mozzarella cheese to a Long Island, New York client--Cremosa. The cheese was too soft to be sold as "first quality" cheese but had value as "second quality" cheese suitable for grating. Cremosa sold some of the cheese as salvage and asked the Co-op to take back the 104,000 pounds which had not been sold.

The Falcones, learning of this situation, approached Valley Lea and offered to buy the cheese which was already located in New York.

Valley Lea, which had already experienced the Falcones' nonpayment practices, refused unless the Falcones paid cash in advance. As a "favor" to Valley Lea, the Falcones "stored" the Valley Lea cheese in their United Cheese warehouse until they had the money to buy it.

In October, 1975, Valley Lea officials discovered that their cheese was no longer in United's warehouse but had actually been stored in a warehouse owned by the Hall Street Cold Storage Company of Brooklyn. To the further surprise of Valley Lea officials, it was discovered that the Falcones had borrowed money from the Hall Street company using the Valley Lea cheese as collateral. When the Falcones refused to repay the loan, the Hall Street company, assuming the cheese belonged to the Falcones, auctioned off the cheese to recover the bad Falcone debt.

Valley Lea lost \$55,000 and 104,000 pounds of cheese because of the "favor" bestowed on it by the Falcones.

The information about the Hall Street Falcone fraud has been referred to appropriate law enforcement agencies in New York.

THE FALCONES AND PIZZA SHOPS

The Falcones owned pizza shops in Philadelphia and New Jersey but have since sold their interests. The Falcone pizza company corporation, King of Pizza, used the same Brooklyn, New York address as Falcone Dairy. Falcone Realty, Incorporated handled leasing arrangements for King of Pizza shops and owned buildings which it leased to others as pizza shop locations.

The Falcones owned property at 1636 Market Street, Philadelphia which they leased to the Gambinos of Cherry Hill, New Jersey who operate Father and Son Pizza at that location. The Gambinos of Cherry Hill are cousins to the late Organized Crime figure Carlo Gambino and are associates of Philadelphia Organized Crime leader Angelo Bruno.

Falcone associate Charles Scardino (he was president of United Cheese and founder of Lido Cheese) owned a Falcone pizza shop (King of Pizza) at 1231 Market Street, Philadelphia.

The Falcones sold their pizza shop on Germantown Avenue in Philadelphia to another relative of the Cherry Hill Gambinos.

The Falcones were involved with two pizza shops operated by Frank DeLorenzo, ⁷ a member of the Gambino criminal organization. DeLorenzo was one of the major pizza shop operators in Pennsylvania and other states in the Northeast.

ORGANIZED CRIME'S CONTROL OF CHEESE AND PIZZA DISTRIBUTION

Roma Foods of South Plainfield, New Jersey is the major pizza shop supplier in the New Jersey-Pennsylvania area. Its founder and president is Louis Piancone.

Roma Foods is rapidly expanding its operations from its base in Northeastern United States. Roma Foods took over the debts, accounts and warehouse of Primo Foods of Jacksonville, Florida in June of 1978 and shortly thereafter opened its Dallas, Texas area warehouse under the guidance of Piancone's son-in-law, Joseph M. Picca.

Roma Foods, a full-service supplier to pizza shops and the sole East Coast distributor for Bonanno influenced Grande Cheese, does business in cash. In addition Piancone has loaned substantial start-up money for pizza shops in Pennsylvania and New Jersey.

Competing suppliers say that it is next to impossible

^{7.} DeLorenzo's pizza shop operation is detailed beginning on Page 36.

to crack Roma's market of 650 accounts in Pennsylvania, New Jersey, Delaware, New York, Maryland and Ohio.

The Crime Commission investigation has determined that Piancone loaned \$100,000 in cash and \$95,000 in supplies to John Scotto of Vorhees Township, New Jersey to help Scotto open three of his more than 25 pizza shops in Pennsylvania and New Jersey.

Piancone's other loans include:

- \$10,000 to Frank Galofaro of Springfield (Delaware County), Pennsylvania. Galofaro was a partner in the Italian Delight pizza shop chain;
- \$15,000 to Franco and Biagio Esposito, owners of pizza shops in the Reading, Pennsylvania area;
- loans to Francesco Romanotto, no longer a resident of the United States, who used the money to establish his Italia Delite pizza shop in Easton, Pennsylvania;
- and, loans to Salvatore Polizzi to establish Pizza
 World in Devon, Pennsylvania. Polizzi's brothers
 now own Pizza World and are paying off the \$112,564
 debt.

Piancone was also a partner in a company which opened pizza shops under the name Pizza Como, U.S.A. There were about ten Pizza Como locations in Pennsylvania in the Lehigh, Northampton, and Berks County areas. Piancone is no longer associated with Pizza Como shops.

Although Louis Piancone disclaims any association with Organized Crime, the Pennsylvania Crime Commission investigation has established that:

- Roma Foods has had business relationships with the Falcone Dairy of Brooklyn;
- Roma Foods has had business relationships with Ferro Foods of Brooklyn which is partially owned by Frank Ferro, a nephew by marriage of the late Carlo Gambino. Frank Ferro is also associated with the Falcone brothers and participated in the scheme to defraud Valley Lea Co-op.
- Roma Foods has had business relationships with Roberts Food Corp. of Brooklyn which is owned by a member of the Colombo criminal organization.

The most incriminating tie to Organized Crime though is the fact that Roma Foods utilizes the services of Salvatore Profaci as an enforcer of territorial rights and full-time "consultant."

The Crime Commission investigation has established that Profaci, a member of the Colombo organization and son of the late crime boss Joseph Profaci of New York, has threatened other suppliers and has handled labor disputes for a Roma Foods associated company in New Jersey.

Profaci, whose first contact with Roma Foods came in 1971 as a representative of Grande Cheese, operates out of

an office at the Roma Foods warehouse. Employees and suppliers to Roma have told Pennsylvania Crime Commission investigators that Profaci seems to control the company.

Profaci also is a "sales agent" for Lisanti Foods which is associated with Roma Foods as the northern New Jersey pizza supply distributor. In 1976, when eight non-union truck drivers for Lisanti Foods became restive about poor working conditions and low wages, Profaci showed up at a meeting between the Lisanti brothers and the drivers. Profaci told the drivers to forget about joining a union and then worked with Armand Castellito, the business agent of Teamsters Local 560 in Union City, New Jersey, to make certain that the drivers would be unable to organize.

Local 560 has been under the control of Organized Crime since the late 1950's when Anthony "Tony Pro" Provenzano took control of the union. Provenzano was an officer of the union until 1978 when he was convicted of ordering the killing of another union officer. Provenzano remains a prime suspect in the FBI's investigation of the 1975 disappearance of Jimmy Hoffa. His 23-year old daughter is now secretary-treasurer of the Local.

The National Labor Relations Board (NLRB) eventually investigated the labor dispute and found that Armand Castellito was negligent in that:

- he did not tell the drivers that their company recognized the union;
- he withdrew the drivers' petition to union regional officials without the drivers' knowledge;
- he did not inform the drivers that he would be unable to be contacted during a time of critical discussions between the company and the drivers.

Following Profaci's labor relations services for Lisanti Foods, Roma Foods became the sole supplier to Lisanti for imported products and Lisanti Foods became the sole distributor for the Profaci-owned Sunshine Shortening Products company.

ROMA FOODS AND PENNSYLVANIA TAXES

The PCC investigation has raised the issue of Roma Foods' corporate tax liability. The investigation revealed that Roma Foods has paid no corporate taxes in Pennsylvania, and, except for two years, has not paid sales tax in New Jersey since opening in 1966.

The determination of corporate tax liability of an out-of-state corporation is a complex issue. The courts have held that where a corporation of one state merely sends in "missionary representatives" to another state, there is no tax due to the second state. However, where those representatives do more than solicit business in the second state, a tax may be due.

In the case of Roma Foods, Roma employees take orders, collect payments and adjust accounts for Roma Foods in Pennsylvania.

The fact that Roma Foods established an account with an Allentown bank after one of their drivers had been robbed of \$15,000 cash in 1971 is evidence of the collection practices of Roma truck drivers. The account enabled Roma drivers to deposit money locally and avoid risk of robbery in the course of their deliveries. The bank account, which is still open but inactive, carried an average balance of \$250,000 which enabled Piancone to establish a \$600,000 line of credit with the Allentown bank which was terminated by the bank in 1978.

Based on these activities, it is arguable whether or not Roma Foods has a corporate tax liability in Pennsylvania. The Crime Commission has forwarded its factual findings to the Pennsylvania Department of Revenue for legal review.

THE OTHER PIANCONE

Louis Piancone's younger brother, Michael, dissolved his relationships with Louis in 1967 and has become a major pizza shop supplier and franchiser in Pennsylvania and New Jersey.

Michael Piancone's businesses include: M. Piancone | Co. Inc. of Sayreville, New Jersey; M. Piancone Pizza Palaces

(a pizza shop franchise operation); M. Piancone Distributing Company; M. Piancone Development Company; Frozen Food Forum, Ltd.; Pasta Systems and Memory Foods. Louis Piancone has recently bought out the pizza distributing business.

Michael Piancone's Pizza Palaces have been involved in illegal alien traffic and narcotics trade.

Michael Piancone was convicted in 1973 for arranging a marriage of convenience—a fraudulent marriage—to keep an illegal alien in the United States.

One illegal alien, employed at the Piancone Pizza Palace in Levittown, Pennsylvania, was found bound and murdered in a Bristol, Pennsylvania restaurant parking lot on January 4, 1973. The murder victim, Stefano Sciarrino, had been awaiting deportation after having been arrested and sentenced in December, 1972 for having entered the United States illegally. Sciarrino had been sentenced to serve six months in prison and was fined \$5,000.

Sciarrino had been released from jail after his arrest when \$2,500 in cash was posted as bail by Matteo Sollena, who, with his brother Salvatore, operated several Piancone Pizza Palaces including the Levittown shop which employed Sciarrino.

Two major narcotics convictions have resulted from arrests relating to Piancone Pizza Palaces. In 1973 a New Jersey Piancone Pizza Palace was the base of operations for

a narcotics smuggling operation run by Filippo Casamento of Brooklyn, New York. Casamento was convicted for his role in the operation.

In September of 1971, police arrested three men in New York and confiscated 86 kilograms of pure heroin with a street value of \$40-million. One of those men arrested--Frank Rappa--was driving an automobile owned by the wife of Matteo Sollena. Rappa, who himself once operated a Piancone Pizza Palace in New Jersey, is serving a 15-year prison sentence for his part in the heroin smuggling operation.

Michael Piancone and the Sollena brothers are associated with the criminal organization once headed by the late Carlo Gambino.

One of Michael Piancone's business associates is Emmanuel Adamita, who owned the Piancone Pizza Palaces in Wrightsville, New Jersey and had also managed the shop in Levittown, Pennsylvania. Adamita had been a chauffeur for Carlo Gambino's brother. The Immigration and Naturalization Service (INS) has arrested many illegal aliens in shops run by Adamita.

Other members of the Gambino organization who have participated in Piancone Pizza Palace ventures are: Giacome Campione, Onofrio Milazzo, Antonio Minore, and Vito and Joseph DiBartolo all of New Jersey.

THE CHERRY HILL GAMBINOS

In New Jersey, there are several Gambino brothers-cousins of the late Organized Crime leader Carlo Gambino-who have been opening and operating pizza shops, restaurants,
and discos in Philadelphia, New Jersey and Delaware.

As Father & Son Pizza, Inc., the Gambinos operate a Philadelphia pizza shop at 1636 Market Street. The Gambinos are also associated with Joe's Pizza, 105 South 13th Street, Philadelphia.

Giuseppe Gambino operates Valentino's Supper Club in Cherry Hill which is a gathering place for prominent figures in Organized Crime.

Emmanuel Gambino, also living in Cherry Hill, was a partner with Giuseppe in a Dover, Delaware disco and adjacent pizza shop. The Executive Lounge and the King of Pizza were destroyed by arson in November of 1977.

The Gambinos also own Sal's Pizza in Delran, New Jersey. Formerly operated as "Benny's Pizza," it was a regular meeting place for Pennsylvania and New Jersey Organized Crime figures who operated pizza shops in both states. Pennsylvania pizza shop operators who frequently used Benny's Pizza as a meeting place were: Frank DeLorenzo (Frank's Pizza), Angelo Lancellotti (Angelo's Pizza), Matteo and Salvatore Sollena (Pizza Palace), and Frank Mannino (Domenick's Pizza).

FRANK DELORENZO

Frank DeLorenzo, a major figure in the Gambino criminal organization, owned or helped establish 20 or more pizza shops in northeastern United States. BeLorenzo, who is no longer involved in the daily operation of the shops which were known as Frank's Pizza, Frank's Roman Castle, Casa DeLorenzo, or Frank's King of Pizza, has recently begun pizza shop operations in Texas.

DeLorenzo's pizza shop operation had included the states of New York, Connecticut, New Jersey, Pennsylvania, Delaware and Maryland.

Domenic Esposito, the former owner of two Reading (Berks County), Pennsylvania pizza shops, told Crime Commission investigators that DeLorenzo threatened to blow up a pizza shop that Esposito planned to open.

The manager of a Baltimore area pizza shop owned by DeLorenzo told Crime Commission investigators that DeLorenzo advised him that he couldn't remove vending machines from the shop because the machines were "family." The machines

^{8.} Frank DeLorenzo entered the United States illegally early in the 1950's, was deported in 1953, re-entered the U.S. in 1954 and eventually became a member of Local 1814 of the International Longshoreman's Association which controlled the Brooklyn, New York waterfront. It had been headed by Anthony Anastasio. Anastasio's son-in-law and successor as union president is Anthony M. Scotto, who, in January of this year, was convicted on federal racketeering charges.

were leased from Ritz Vending, a company owned by Samuel A. Munafo and Angelo Munafo of Baltimore. The Munafos are long time crime figures in the Baltimore area.

DeLorenzo and his pizza shops were prime havens for illegal aliens by providing cash-only employment opportunities and the capability of continuous movement from one location to another to escape detection by Immigration authorities.

In addition to operating pizza shops, DeLorenzo was associated with Falcone Cheese in the Philadelphia area and in 1972 the Falcones assisted DeLorenzo in opening two of his "Frank's Roman Castle" shops.

DeLorenzo's nephew, Enrico Romano, worked in several DeLorenzo shops and managed others. In January of 1977, Romano took over the Mr. Pizza shop in Oreland, Pennsylvania and sold it only a month later to his cousin, Domenic Ortado, who also owns the Mr. Pizza shop in Willow Grove, Pennsylvania.

DeLorenzo also opened several Philadelphia area pizza shops in partnership with Angelo Lancellotti. Those shops were known as either Angelo's or Frank's.

DeLorenzo's "shop openings" were sure money makers. He bought the location, established the business, and then sold it for cash. The purchase agreements, which were always verbal, included long term cash installments and DeLorenzo never hesitated to repossess a shop if the owner fell behind in cash payments.

ANGELO LANCELLOTTI

Frank DeLorenzo formed an informal partnership with Angelo Lancellotti in Pennsylvania in the late 1960's. Lancellotti, who had already been operating Angelo's Pizza shops, and DeLorenzo opened their first joint venture (Angelo's Pizza) in Riverside, New Jersey and then opened another (Frank's Pizza) in the Rosemore Shopping Center in Warminster (Bucks County), Pennsylvania.

Lancellotti had also owned his own shops in Hatboro (Montgomery County), Pennsylvania and Bristol (Bucks County), Pennsylvania.

Angelo's Pizza is incorporated in Pennsylvania at a non-existent address. State government records indicate that Angelo's corporate headquarters is at the non-existent 551 Lancaster Pike in Devon (Chester County). In nearby Berwyn, 551 Lancaster Pike is the site of a parking lot.

DELORENZO-LANCELLOTTI PIZZA SHOPS

Frank's Pizza Rosemore Shopping Center County Line Road Warminster, Pennsylvania

This shop was opened in 1970 by DeLorenzo and Lancellotti and reportedly is now owned by the sister of the shop manager, Antonio Anzalone. Crime Commission investigators have established that there was/is a systematic skimming of shop income.

Angelo's Pizza Branmar Plaza Wilmington, Delaware

The shop serves as the Delaware corporate address for Angelo's Pizza. It was opened in 1970.

Frank's Pizza Norriton Square Shopping Center Norristown, Pennsylvania

Opened in 1971 and since sold.

Angelo's Pizza Riverside, New Jersey

LANCELLOTTI PIZZA SHOPS

Angelo's Pizza 425 Mill Street Bristol, Pennsylvania

Opened in late 1960's and was site of first meeting between DeLorenzo and Lancellotti. Sold in mid-1970's.

Angelo's Pizza Feasterville Shopping Center Feasterville, Pennsylvania

Opened in 1968. During the investigation of a robbery in 1969, six persons who were witness to the event, told police they <u>lived</u> at the pizze shop.

Angelo's Pizza Flourtown Shopping Center Flourtown, Pennsylvania

Opened by Lancellotti in 1968. DeLorenzo became partner in shop in 1974. Shop was closed in 1979.

Other Angelo's Pizza shops had been opened at:

Great Valley Shopping Center Malvern, Pennsylvania

Second Street Pike Southampton, Pennsylvania

Philmont Shopping Center Philadelphia, Pennsylvania

Sweetbriar Shopping Center King of Prussia, Pennsylvania

The Boardwalk Wildwood, New Jersey

Lancellotti continues to operate the Wildwood, New Jersey shop and recently opened another shop in Bristol, Pennsylvania.

DOMENICK'S PIZZA

Before Lancellotti became associated with Frank DeLorenzo, he was a partner in the establishment of Domenick's Pizza on South York Road, Hatboro, Pennsylvania. His partner in that venture was Domenick Scavo.

Scavo's brother-in-law, Francesco Mannino, operates several Domenick's pizza shops in Bucks County, Pennsylvania. Mannino had shops in Chalfont, Pennsylvania; the King's Plaza, Route 661, Warrington, Pennsylvania; and on West Court Street, Doylestown, Pennsylvania. Mannino has been convicted of various crimes including arranging a "marriage of convenience" and violating immigration laws.

The Crime Commission investigation discovered that Mannino used more than \$300,000 of illegally obtained pizza shop cash to build a villa in a suburb of Carini, Italy. Federal

authorities have since confirmed, by on-site investigation, the information provided by the Crime Commission. In testimony before the Commission on January 13, 1978, Mannino denied under oath that he had built or owned the home in Italy and denied that he owned any property in Italy. Although Mannino's current whereabouts are unknown, the Crime Commission will provide information relative to perjured testimony to the appropriate prosecutors.

JOHN AND VINCENT SCOTTO:

The Scotto brothers--John and Vincent--have opened more than 25 pizza shops throughout the United States including 11 in Pennsylvania. With other shops in New Jersey, they have recently begun expansion into Ohio, West Virginia, Indiana, Iowa, Minnesota, Colorado, Florida and Puerto Rico.

The Scotto Pizza chain is a specialized Organized Crime twist on the "franchise" system. Those persons who buy or lease Scotto shops make two types of payments to the Scottos. The Pennsylvania Crime Commission investigation has determined that those persons must pay a small amount by check for "reporting purposes" and must also make substantial under the table cash payments to the Scottos.

The investigation provided the information that one Scotto manager made weekly cash payments of \$1,800 to the Scottos. The Crime Commission investigation also demonstrated

that Scotto shops regularly employ illegal aliens and that those aliens were also paid in unreported cash.

A cousin of the Scotto brothers--Bruno Colandrea--is an integral part of the Scotto pizza operation and, the Crime Commission investigation determined, is the "enforcer" for the Scotto chain. Prior to joining the Scottos, Colandrea in 1971 had opened the Brother Bruno pizza shop in Exeter, Pennsylvania.

Although John and Vincent Scotto control most of the business operations, it was Bruno Colandrea who was most feared when it came to enforcing business policy. One Scotto lessee who left the Scotto fold to embark upon his own business refused to make certain pizza shop renovation payments and was threatened by Colandrea with references to "cement shoes" and being found "in the river in a plastic bag."

In the course of the investigation, John Scotto admitted to Crime Commission investigators that he and his brother Vincent were good friends with Joseph Ianacci, who has been identified by federal authorities as having been a bodyguard and "enforcer" for the late Joseph Colombo, Sr., the leader of the Colombo criminal organization. In fact, the Commission discovered, Ianacci had secretly agreed to finance a private club that Vincent Scotto had proposed to open in New York.

John Scotto has met to discuss pizza shop arsons with a leader of the Gambino organization which operates pizza shops in Philadelphia and New Jersey.

John Scotto, as mentioned earlier in the Roma Foods report, had borrowed heavily from Louis Piancone to open Scotto shops in Greensburg, Pennsylvania and Steubenville, Ohio. Scotto reportedly is repaying the loan from the proceeds of the sales of Scotto shops in Lebanon, Pennsylvania and Flemington, New Jersey.

In an interview with investigators for the Crime

Commission, John Scotto said that three corporations operate
the Scotto Pizza chain. Two Brothers Scotto, Pizza Inc. and
Italian Kitchens, Inc., both of which handle leasing arrangements, are owned by John and Vincent Scotto. Scotto Management Company, which handles the franchise agreements, is
owned by the Scottos and Bruno Colandrea. John Scotto
failed to mention Scotto Pizza, Inc. which is another corporate
name discovered in the course of the Crime Commission investigation.

THE OPENING OF A SCOTTO SHOP

A typical Scotto operation includes the negotiations for a Mall lease and arrangements for renovations and equipment installation by Two Brothers Scotto Pizza or Italian Kitchens.

When the shop opens it is operated by Scotto Management Company with managers and employees brought in from other Scotto shops. Most employees are paid in cash and Scotto leases a nearby apartment for the employees as part of their wages.

When a Scotto Pizza shop is sold (prices have ranged from \$100,000 to \$1.1 million), the general practice is to require no down payment and "financing" is handled by the Scottos. That financing includes substantial weekly cash payments to the Scottos.

PETER TOCCO AND THE SCOTTO CHAIN

Peter Tocco, who since 1971 has supervised Scotto Pizza shop renovations, met with Pennsylvania Crime Commission agents who were posing as prospective purchasers of a Scotto shop.

Tocco told the agents that they could purchase a Cherry Hill, New Jersey Scotto shop for \$135,000. Tocco said that Scotto would "finance" the \$35,000 for equipment purchased and the agents would have to pay \$100,000 in cash. When the agents told Tocco that they could only come up with \$50,000 in cash, Tocco suggested that they go to loansharks to secure the cash. He told the agents that they would have to pay \$150,000 for a one year loan of \$100,000.

Tocco said that if they defaulted on the loan, the loansharks would simply take over the shop. Tocco also advised the agents that the loanshark might burn the shop

to collect insurance money.

Tocco informed the agents that once they began operating the shop they would not have to declare all their income, since pizza shops are primarily cash businesses. He stated that John Scotto, after being in the United States about ten years, was a millionaire as a result of the pizza business.

THE SCOTTO SHOPS

Scotto Pizza Echelon Mall Voorhees, New Jersey

Two Scotto shops operate in this Mall. One serves as John Scotto's office. The first shop opened in 1970 and the other in 1976.

Scotto Pizza Granite Run Mall Media, Pennsylvania

Luciano Spennato leased this shop from John Scotto in 1977. He continuously skims cash income from the shop.

The Crime Commission investigation determined that Spennato skimmed at least \$62,000 in cash in one year beginning in May of 1977.

At a Crime Commission hearing, Spennato testified that the only payments he made to Scotto were those stipulated in the lease agreement, that he always paid by check, and that he never made deposits into someone else's bank account. 9

The Crime Commission investigation has determined that Spennato had deposited \$10,200 into a John Scotto account beginning with deposits eleven days after signing the lease agreement.

Another employee at the Granite Run Mall shop, Salvatore DeMarco, once owned Marina's Pizza in the Red Robin Shopping Center on Street Road, Feasterville. DiMarco has also worked at the Scotto shop in Greensburg, Pennsylvania and Sal's Las Vegas Pizza in Levittown, Pennsylvania.

Scotto Pizza Berkshire Mall Wyomissing, Pennsylvania

Luciano Spennato leased this shop in January, 1978 while still leasing the Scotto Granite Run Mall shop. The Crime Commission discovered that Spennato skimmed cash at this shop, also.

The Commission investigation determined that, although the shop had opened in 1975, the first evidence of skimming surfaced shortly after Spennato leased the shop. In addition to the regular skimming practice, Spennato made deposits

^{9.} Testimony of Luciano Spennato before the Pennsylvania Crime Commission, July 7, 1978. Testimony is given under oath and false swearing is perjury.

into an account of John Scotto and Domenic Esposito. The bank account was closed out (a balance of \$4,000 at the time), two weeks after the Crime Commission subpoenaed the shop's bank records.

Scotto Pizza Westmoreland Mall Greensburg, Pennsylvania

The Crime Commission investigation has determined that two men--Raffael Scotto DiMarco and Nichola DiPalma--make weekly cash exchanges at a local bank and participated in the shop's skimming operation.

Both men have denied under oath that they made such exchanges.

DiMarco told one of the bank tellers not to disclose the cash exchanges to anyone and to advise other tellers to conceal the exchanges.

In the course of the Crime Commission investigation, agents determined that threats and intimidations have caused witnesses to perjure themselves.

One such instance took place with Nichola DiPalma in sworn testimony before the Commission on March 7, 1979. When DiPalma was asked why he visited a safe deposit box at least twice weekly, this exchange took place:

DiPalma: I d

I don't know. I like to read the

letters I have in there.

Question:

Are you reading the same letters

you have in there?

DiPalma: Yes, I'm in love.

DiPalma said that no one told him to rent the safe deposit box or another one he said he had at a bank in Irwin, Pennsylvania. He said he kept nothing in the Irwin bank deposit box although checked it frequently:

Question: If there's nothing in it, why do

you go there?

DiPalma: I like to see it.

Question: An empty box?

DiPalma: Yes.

Question: Do you expect us to believe that?

DiPalma: I rent it. I pay for it. I go in, I can see anything I want to, even put a pack of matches there.

Question: And, you go in and look at the

empty box?

DiPalma: Yes.

After his testimony, DiPalma told a Crime Commission agent: "They'll kill me if I say anything."

The Crime Commission has already discussed the matter of perjury with the local prosecutor's office and will refer its findings to the Pennsylvania Departement of Justice for review.

Scotto Pizza Exton Square Mall Exton, Pennsylvania

This Scotto shop was originally purchased from the Scottos by Rosario Naimo and is now owned by his uncles, Paolo and Matteo Naimo. Rosario Naimo has been described in a Palermo, Sicily Police Department report as "a part of Mafia operations" and "one of the most dangerous persons in the City . . . incorrigible, violent, vindictive, and capable of committing any crime and represents a continuous danger to the citizens in their life and property."

The two uncles say they have no contact with their nephew, Rosario, and that he now owns a pizza shop in New York. The Mall lease still lists Rosario Naimo as part owner.

Scotto Pizza (La Riviera Pizzeria) Phoenixville Kimberton Mall Phoenixville, Pennsylvania

Four months after Scotto opened this shop in April, 1974, Rosario Naimo and his partners assumed the lease and later changed the name to La Riviera Pizzeria.

The corporate records for this shop are so confusing that it is difficult to ascertain control at any time since then except that April, 1978, records indicate that the shop is now controlled by Joseph Bollaro and Vincenzo Gaglio.

The Crime Commission investigation determined that skimming cash was routine at the shop and that in 14 months beginning in November, 1977, cash exchanges at local banks totaled more than \$26,000. Gaglio, who managed the shop, has admitted in Crime Commission testimony to a vague

recollection of cash exchanges. 10

As manager and part owner of the shop in Phoenixville, Gaglio paid all employees in cash. In 1978, La Riviera had only one employee according to available records. That employee was Gaglio and he was paid only \$4,300 for the entire year. Two or three persons were working in the shop every time it was visited by Crime Commission agents.

Scotto Pizza North Hanover Mall Hanover, Pennsylvania

This shop is owned by Salvatore Coppola and Gennaro Malvone. Both men made regular cash exchanges at a Hanover area bank and participated in the regular skimming of the shop's cash income.

Malvone told an undercover Crime Commission agent that the shop cost \$100,000 and that he was paying \$2,000 in cash each month to Vincent Scotto. He told the agent that he drove to New York to deliver the cash payments. Malvone told the same agent that the cash payments to Scotto were draining him to the extent that he could not even afford winter gloves for his children.

Within ten months of Malvone's statement, Coppola purchased two new cars--one for \$9,000 and one for \$26,000.

^{10.} Testimony before Crime Commission, April 10, 1979.

Scotto Pizza Uniontown Mall Uniontown, Pennsylvania

Employees of this shop were paid in cash. An employee, who applied for a bank loan in 1978, told the loan officer that he could not verify his income because he was paid in cash and did not pay any income tax. No shop employees have paid an occupational privilege tax since the shop opened in 1974.

Cash exchanges and skimming were regular practices at this shop.

Anthony Scotto DiLuzio managed this shop when it opened and then he and his two brothers leased it along with three other Scotto shops in Fairmont, West Virginia; Niles and Steubenville, Ohio.

Scotto sold the Uniontown franchise to other parties in 1978.

DiLuzio operates Napoli Pizza shops in Bridgeville and Baden, Pennsylvania and in Ohio.

Scotto Pizza Norco Mall Pottstown, Pennsylvania

When Joseph DiMaria "walked out on his lease" in July, 1977 the Mall manager said DiMaria left owing \$20,000 in rent. Scotto had established the shop in 1974.

Scotto Pizza East Towne Mall Lancaster, Pennsylvania The Scottos opened this shop in October, 1975, closed it for fifteen months, and then re-opened. Vincent Pugliese later owned and operated the shop and evidence of cash exchanges at an area bank, no cash register tape, and skimming was determined by the Crime Commission investigation.

Scotto Pizza Lebanon Valley Mall Lebanon, Pennsylvania

Owner Salvatore Mancino, who is paying off a loan to Roma Foods as part of his purchase agreement for this shop, regularly makes cash exchanges at local banks and is suspected of substantial skimming of cash income. A 1974 Mancino arrest on immigration law violations is still pending resolution.

There are or have been other Scotto shops at these locations:

Shenango Valley Mall Sharon, Pennsylvania

Cherry Hill Mall Cherry Hill, New Jersey

Fort Steuben Mall Steubenville, Ohio

Flemington Mall Flemington, New Jersey

Eastwood Mall Niles, Ohio

Randall Park Mall North Randall, Ohio

Sandusky Mall Sandusky, Ohio Middletown Mall Fairmont, West Virginia

Volusia Mall Daytona Beach, Florida

East Lake Square Mall Tampa, Florida

Altamonte Mall Altamonte Springs, Florida

Pinellas Square Mall Pinellas Park, Florida

Tallahassee Mall Tallahassee, Florida

Aurora Mall Aurora, Colorado

ROMAN DELIGHT & ITALIAN DELIGHT PIZZA SHOPS

The parent Pennsylvania corporation (LU-LO-VI Inc.) has opened at least twenty pizza shops in Pennsylvania, Maryland, New Jersey and New York. The pizza shops operated by the corporation—Roman Delight and Italian Delight—were investigated by the Pennsylvania Crime Commission and proved to be part of a large skimming operation. The shops also were employers of illegal aliens.

Frank Galofaro, who is now listed as one of the corporate officers of LU-LO-VI Inc., is the company man who collects the monthly cash payments from franchise operations. Galofaro is a relative of Organized Crime leader Joseph Bonanno of Tucson, Arizona.

HOW AN ILLEGAL ALIEN QUALIFIED FOR RESIDENCY

Francesco Romanotto came to the United States in 1967 and was able to remain in the country because of the four successive "private bills" which were introduced on his behalf by New York Congressman Joseph P. Addabbo.

In 1972, Romanotto moved to Delaware County, Pennsylvania and worked at the Italian Delight pizza shop in Holmes, Pennsylvania. In the next four years, Romanotto bought Italian Delight shops in Easton and Allentown and worked at an Italian Delight in King of Prussia, Pennsylvania.

In March of 1972, Louis Pesce and Victor DiVivo, two of the principals of the Italian Delight parent company, convinced a waitress at the Holmes pizza shop to participate in a "paper marriage" with Romanotto so that he could become a permanent resident.

The Crime Commission investigation obtained evidence that the two men told her that the "paper marriage" to Romanotto would last only six months and she would be well paid for this service.

In March, 1972 the marrriage took place. The waitress was paid \$500. Three months later she received another \$500.

At the end of the six months, the promised "divorce" did not come through but the woman was made to accompany

Romanotto to New York to attest to the marriage for immigration

authorities. In February, 1974, Romanotto appeared at the woman's apartment, gave her an additional \$800, and displayed the divorce papers.

The information developed by the Pennsylvania Crime Commission led to an investigation by the Immigration and Naturalization Service for the possibility of marriage fraud. Romanotto left the country in late 1977 and has not returned to the Untied States.

ROMAN DELIGHT PIZZA SHOPS

Roman Delight Village Mall Horsham, Pennsylvania

The management of the Village Mall believed that this shop skims substantial amounts of cash from the weekly income of the shop. This is made possible because of the fact that the cash register had no receipt tape except on rare occasions and then take-out orders were not recorded.

Illegal aliens who worked at the Village Mall shop were housed across the street in a house leased by Roman Delight.

After the shop was opened, the lease was assigned to an employee, Joseph Modica, and his brother-in-law, Filippo Valenti. In 1975, Modica bought the Mr. Pizza shop in neighboring Willow Grove, Pennsylvania.

Roman Delight
Fairlawn Village Mall
Pottsville, Pennsylvania

The Crime Commission investigation determined that two years after Modica and Valenti leased this shop, Valenti took full control of the shop. The investigation developed information that some of the skimming of cash income was being pocketed by Modica without Valenti's knowledge. After this split in the partnership, Modica took control of the Horsham shop.

ITALIAN DELIGHT PIZZA SHOP

Italian Delight
Park City Shopping Center
Lancaster, Pennsylvania

The Crime Commission investigation determined that the owner of this shop, Luigi Mazzella, did not report to the federal government almost \$40,000 in sales for 1975-78. 11

The investigation established that cash exchanges of up to \$2,000 weekly were made during the past six years. The only funds deposited in the bank were barely sufficient to cover expenses of the shop.

^{11.} In 1973, Mazzella was arrested with Organized Crime figure, Anthony Annicchiarico, for the beating of a contractor who was renovating Mazzella's East Brunswick, New Jersey pizza shop. Annicchiarico was convicted of the charges and Mazzella was found not guilty.

Most employees of this shop received unreported cash income in addition to their pay checks.

During the course of the investigation, Crime Commission agents observed three persons working at the shop on a regular basis whereas government employee reports sometimes list two employees and other times only one employee.

At a Crime Commission hearing, Mazzella testified that he paid his shop manager the minimum wage. However, Crime Commission investigators developed information that the Manager was paid between \$300 and \$400 weekly and received an additional \$200 a month for apartment rent. The assistant manager was similarly paid.

Italian Delight Allentown, Pennsylvania

Vito Ciaravino managed this shop prior to buying it from Mazzella, the owner of the Lancaster shop. Ciaravino, beginning in 1976, made regular cash exchanges at a local bank, made regular deposits of shop funds into his personal account and an account for Mazzella. The shop receipts were determined by adding the deposit slips for the limited funds deposited in the shop's bank account.

Italian Delight King of Prussia Plaza King of Prussia, Pennsylvania

Antonio Stabile, who owned and operated this shop for six years, sold his home and the shop just six months after

testifying at a Crime Commission hearing in January 1979. He left the United States in June 1979.

Stabile, who denied under oath that he made cash exchanges at local banks, skimmed between \$1,000 and \$8,000 a week from the shop's income. Stabile exchanged small bills from the register for larger denominations at an area bank and yet those larger bills never appeared in the bank deposits for the shop.

In January, 1978, Stabile reported only \$6,500 in monthly sales to the Mall management and indications are that he skimmed substantially more than that amount. Three months after he had testified at the Crime Commission hearing, Stabile's skimming had apparently slowed down as he reported \$20,000 in monthly sales. The Crime Commission estimates that Stabile skimmed between \$150,000 to \$200,000 each of the six years of operation.

Italian Delight Colonial Park Shopping Center Harrisburg, Pennsylvania

This lease was arranged by the parent company in 1973. Almost two years later it was assigned to Antonio and Anoinette Schiano and Vincent and Ersilia Schiano. The Crime Commission found that the same type of cash exchanges take place at this shop, as the shop manager makes weekly exchanges at the bank which total about \$1,000 each time.

Italian Delight McDade Mall Holmes, Pennsylvania

Crime Commission investigators developed information that Frank Galofaro, owner of this shop, skimmed approximately \$10,000 a month from the cash income. Galofaro made regular exchanges of cash--up to \$2,000 each time--and four times a year used small bills from the shop to buy treasurer's checks made out to himself. Francesco Romanotto, the alien previously cited in the "marriage of convenience," had been an employee of Galofaro. Galofaro leased an apartment for illegal aliens who worked at the shop.

Italian Delight
Palmer Park Mall
Easton, Pennsylvania

This was one of the Romanotto shops and it, too, was a target for heavy skimming. Employees never recorded sales on the shop's cash register.

Italian Delight Westmont, New Jersey

Now operated by new owners under another name. An apartment manager confirmed that one of the principals of the parent company for Italian Delight had rented an apartment near the shop to house aliens who worked at the shop.

LU-LO-VI, Inc. opened the other Italian Delight shops in Pennsylvania, New Jersey, New York, and Maryland, including: Richland Mall Quakertown, Pennsylvania

Collegetown Pizzeria Glassboro, New Jersey

Walden and Harlan Roads Cheektowaga, New York

Cedonia Mall Baltimore, Maryland

Anne Arundel Mall Glen Burnie, Maryland

Reisertown Mall Baltimore, Maryland

Göldenring Mall Baltimore, Maryland

Security Mall Baltimore, Maryland

Free State Mall Bowie, Maryland

Columbia Mall Columbia, Maryland

7900 A Wise Avenue Dundalk, Maryland

Marine Italian Delight Annapolis, Maryland

ARSON AND FIREBOMBING OF PENNSYLVANIA PIZZA SHOPS

The Pennsylvania Crime Commission has established information that Albert Ficalora, owner of Mario's Pizza shop in Ambler, Pennsylvania, warned one of the owners of the soon-to-open Giuseppe's Pizza that the new Ambler shop would be blown up if it opened for business.

On July 6, 1977, less than one week after Giuseppe's grand opening, the shop was blown up and destroyed by fire. The two arsonists--Vincenzo Fiordilino and Octavio Ramirez-were killed in the fire. The men were killed when pizza oven pilot lights ignited the fumes from the gasoline poured throughout the shop and caused a premature explosion.

Ficalora had placed fifteen telephone calls to Francesco Navarro in Brooklyn, New York in the weeks immediately prior to the torching of Giuseppe's Pizza. Navarro, owner of Two Star Construction Company, is an important figure in the New York Bonanno criminal organization and his telephone number was listed in an address book of one of the dead arsonists. The book, which belonged to arsonist Fiordilino, was found in his car across the street from the fire scene.

Additionally, telephone records indicate that Ambler's Ficalora called arsonist Ramirez' home five times just two days before the arson.

The Crime Commission investigation developed evidence that Ficalora and his friend, Frank Monte (owner of Nick's Pizza in Harleysville, Pennsylvania) frequently drove to Brooklyn and brought Ramirez to Pennsylvania "to do jobs" for them.

Ramirez visited the Pottstown area, scene of several pizza shop arsons, for Ficalora and stayed in Monte's Harleysville apartment during one of those area visits in March, 1977.

Arsonist Fiordilino had worked in Monte's Harleysville pizza shop in the spring of 1977.

Ficalora had maintained an apartment for Mario's employees near the shop in Ambler but he lived in a home he had purchased in Lansdale, Pennsylvania shortly before the arson.

Ficalora sold Mario's pizza shop and has since moved to Pompano Beach, Florida.

THE ESPOSITO ARSONS

The Esposito family and their business partners own eleven pizza shops in Pennsylvania. The Crime Commission has determined that the Espositos and their associates have been involved in seven actual arsons and four arson plots which were not carried out.

The Esposito family has been both target and implementer of arson.

In September, 1977, the Pizza City in Hazleton blew up. Owner Sergio Esposito was convicted in July, 1978 for arson related offenses.

Esposito was convicted of criminal solicitation, risking a catastrophe and defrauding secured creditors. His conviction came largely as a result of George C. Derr, Sr. who admitted setting the fire for Esposito. Derr, who was nearly killed in the fire when oven pilot lights caused a premature explosion, testified that Esposito was to have paid him \$2,500 for the arson.

Sergio's brother, Michele Esposito, was implicated and arrested in connection with the same arson.

Biagio Esposito's Little Italy Pizza shop in Pottstown was firebombed three times over a ten month period beginning in December, 1974. 12

In April, 1977, Hill's Diner (the former Pizza Italia) in Deer Lake exploded and was destroyed by fire of undetermined origin. The shop, which has been purchased by members of the Esposito family for \$24,000 was covered by a \$50,000 insurance policy.

THE ESPOSITO ORGANIZATION

Three Esposito brothers--Domenic, Salvatore and Biagio-are in the pizza business and three of Salvatore's sons-Sergio, Michele, and Franco--are also in the business.

^{12.} Three Brooklyn residents--Anthony Ottomanelli, Joey Lopiccolo and Angelo Palermo--were arrested in 1976 by the Pottstown, Pennsylvania, Police Department and charged with the attempted destruction of another Pottstown restaurant business. The charges were later dropped for lack of evidence. They were also suspected in the destruction of the Little Italy shop. In 1979 Ottomanelli was convicted in New Jersey for the arson of Vinney's Pizza, Point Pleasant. In 1978 Ottomanelli was convicted in New York for loansharking and attempted arson. Lopiccolo was found murdered on May 21, 1978. He had been stabbed more than 50 times and a rag had been stuffed in his mouth.

Members of the organization have participated in various illegal activities including: obtaining fraudulent (rivers' licenses; employing illegal aliens; arranging marriages of convenience; making unreported cash salary payments; skimming cash; and non-payment of taxes.

The Crime Commission investigation turned up evidence of a State Police officer, still on the force, who allegedly participated with another officer, now retired, in obtaining fraudulent Pennsylvania drivers' licenses for the Esposito family members and pizza shop employees. Information relative to this allegation has been submitted to the Pennsylvania State Police Commissioner.

When the Immigration and Naturalization Service arrested an illegal alien in Franco Esposito's Pizza City in Sinking Spring, Pennsylvania, Esposito made phone calls to area pizza shop owners to warn them of impending INS raids.

DOMENIC ESPOSITO

This Esposito family member owned two pizza shops before leaving the United States in November, 1977.

800 North Thirteenth Street, Reading: There were never any federal wage taxes withheld for employees at this shop and from 1974-77 only Domenic Esposito was listed as an employee with the Reading tax office. No employee, except Domenic, paid city occupational wage taxes.

349 North Thirteenth Street, Reading was the location of an Esposito Pizza City shop. Employees of the Scotto Pizza in the Berkshire Mall live in rooms behind the Pizza City location and have their cars registered to that address.

SALVATORE ESPOSITO

This Esposito family member lives in Pottstown. Prior to being a co-owner of the arsoned Hill's Diner at Deer Lake, he had worked at Brother Bruno's Pizza in Reading which was then owned by Bruno Colandrea, a partner in the Scotto Pizza chain.

MICHELE ESPOSITO

This Esposito family member lives in Lock Haven (Clinton County), Pennsylvania and owns the Pizza City shop in that community. He also owns a Pizza City shop in Sinking Spring.

In addition to having been arrested in connection with the arson at his brother's Hazleton Pizza City shop, the Crime Commission investigation has developed information linking Michele to the arson of Hill's Diner at Deer Lake.

A former employee of the Lock Haven shop told Crime Commission agents that he had been offered \$3,500 to burn down a Pottstown area pizza shop.

FRANCO ESPOSITO

Franco Esposito owned Pizza City shops in West Lawn (which he had moved from Sinking Spring) in Berks County;

New Holland in Lancaster County; and was co-owner with Michele of the Lock Haven shop. Immigration authorities say that Franco entered the United States illegally by jumping ship in Baltimore, being transported by his uncle, Biagio, to another uncle's home in New York. That uncle--Jerry Esposito--is the only one of the four older Esposito brothers not engaged in the pizza business in Pennsylvania.

A friend of Franco's, who had jumped ship with him in Baltimore, has been apprehended and deported three times for illegal entry. During his intermitttent stays in the United States, the friend, Vincenzo LoMoriello, worked at pizza shops in Long Island, Sinking Spring, Hanover, Gettysburg, Hazleton, Mahanoy City, and a Scotto Pizza in Hollywood, Florida before being deported after his arrest in January, 1979 near the Special Pizza City in Downingtown where he was employed.

VINCENT SCOTTO DILUZIO AND GEORGE DISCALA

These two men are associated with the Espositos in pizza shop ventures. They were part owners of the Hill's Diner with the Espositos.

The two owned the now closed Pizza Italia in St. Clair, Pennsylvania.

DiScala worked as manager of Brother Bruno's pizza shop in the Reading Mall in Exeter. He eventually took over the lease from Bruno Colandrea who had opened the shop in 1971.

DiLuzio opened his first pizza shop in the Reading area. He operated the Pizza Italia at 1528 North Fourteenth Street. Since opening the shop in 1972, DiLuzio has not paid the Reading earned income tax.

When fire destroyed the DiLuzio-DiScala Pizza Italia in Mahanoy City in January of last year, investigators ruled it an arson. The Crime Commission has been told that these two men planned the destruction of three Reading area pizza shops and the arson of their St. Clair shop. 13

Former DiScala employees have provided Crime Commission investigators with information about cash wages for employees; skimming of the shop income, and narcotics sales in the Brother Bruno's pizza shop.

PIZZA SHOP ARSON IN PITTSBURGH

Michael Romeo's Mama Lucia pizza shop in downtown Pittsburgh was destroyed by arson on August 6, 1977.

^{13.} While the St. Clair shop was destroyed by fire, the destruction of the other shops was never carried out.

Three men--Francesco Spinelli, Umberto Sandoval, and Anthony Virtu--were severely burned in the process of setting the fire that destroyed the building. Spinelli and Sandoval died from the injuries and Virtu has been charged with the arson of the shop and the homicides of the other two men.

Spinelli and Sandoval had been employees of Romeo's Wood Street pizza shop and Virtu, who operated a prostitution ring in the Pittsburgh area, was often in Romeo's company.

Romeo, whose full name is Michael Romeo DiSantillo, no longer operates Mama Lucia pizza shops in Pittsburgh.

CONCLUSION AND RECOMMENDATIONS

The two year investigation of the cheese and pizza industry by the Pennsylvania Crime Commission has established a clear pattern by Organized Crime to control the industry. While the investigation does not specify every illegal activity of every criminally controlled operation, it does establish methods of operation which should be investigated by state and local law enforcement and taxing agencies.

Specific recommendations are included at the end of the Synopsis which covers this Report.

CITIES AND TOWNS MENTIONED IN REPORT WHICH HAVE HAD OR HAVE CHEESE/PIZZA BUSINESSES INFILTRATED BY ORGANIZED CRIME

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1.
     Allentown, Pages 32, 54, 57
      Ambler, Pages 6, 60
3.
      Berwyn, Page 38
4.
      Bridgeville, Page 51
5.
     Bristol, Pages 5, 33, 38, 39, 40
6.
      Chalfont, Page 40
7.
      Chambersburg, Page 51
8.
     Deer Lake, Pages 63, 65
9.
     Devon, Pages 28, 38
10.
     Downingtown, Page 66
11.
     Doylestown, Page 40
12.
     Easton, Pages 28, 54, 59
13.
      Exeter, Page 67
14.
      Exton, Page +8
15.
     Feasterville, Pages 39, 46
16.
      Flourtown, Page 39
17.
     Greensburg, Pages 43, 46, 47
     Hanover, Pages 50, 66
18.
19.
      Harleysville, Page 61
20.
     Harrisburg, Page 58
21.
     Hatboro, Pages 38, 40
22.
     Hazleton, Pages 7, 23, 62, 65
23.
     Hellam, Pages 8, 17
Holmes, Pages 54, 59
24.
25.
     Horsham, Pages 6, 55
     King of Prussia, Pages 2, 3, 40, 54, 57
26.
27.
     Lancaster, Pages 51, 56, 57
28.
     Lebanon, Pages 43, 52
Levittown, Pages 5, 34, 46
Lock Haven, Pages 65, 66
29.
30.
31.
     Mahanoy City, Pages 66, 67
32.
     Malvern, Page 40
33.
     Media, Pages 45, 46
34.
     New Holland, Page 66
35.
      Norristown, Page 39
36.
      Oreland, Page 37
     Philadelphia, Pages 26, 35, 37, 40
37.
     Phoenixville, Pages .5, 49
38.
39.
      Pittsburgh, Pages 7, 67, 68
40.
      Pottstown, Pages 6, 51, 63
41.
      Pottsville, Page 56
42.
      Quakertown, Page 60
     Reading, Pages 28, 36, 64,
43.
44.
      Saint Clair, Pages 66, 67
·45.
      Sharon, Pages 45, 52
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- 46.
- 47.
- Sinking Spring, Pages 64, 65
 Southampton, Page 40
 Springfield, Delaware County, Page 28
 Uniontown, Page 51
 Warminster, Page 38
 Warrington, Page 40
 West Lawn, Page 65
 Willow Grove, Page 37, 55
 Wyomissing, Page 46 48.
- 49.
- 50. 51.
- 52.
- 53.
- 54.

Joseph Modica	Domenic Ortado	Vincent Scot D'Appollonia	Enrico Romano	Joe Scotto	Anthony Scotto DiLuzio	Salvatore Coppola	Gjohni Bard	Mario LaRocca	Raphael Scotto DiMarco	Domenic Esposito	Salvatore Scotto DiMarco	Vincenzo Cirino	APPE	:NDI
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	1												Pennsylvania	Roman Delight

EXAMPLES OF EMPLOYEE MOBILITY (1974 - 1977)

OUTLINE OF OTHER COMPANIES AND INDIVIDUALS NOT INCLUDED IN THE NARRATIVE OF THE REPORT BUT INVOLVED IN THE CRIME COMMISSION INVESTIGATION

- 1. COLORADO CHEESE, LTD. formed by Joseph Bonanno, Sr. in 1940's in Trinidad, Colorado.
- 2. CREMERIE STELLA, a business owned by the Saputos of Montreal, Canada. When Joseph Bonanno, Sr. sought permanent residency in Canada in 1964, he told Canadian immigration authorities that he owned 20% of this business and planned to purchase 20% of other Saputo family businesses.
- 3. CALIFORNIA OLIVE OIL of Dorchester, Massachusetts, and BRUNO CHEESE of Brooklyn, New York are the other two U.S. distributors for Saputo Cheese. See Pages 2-3 of Report.
- 4. PRODUIT CAILLETTE of Montreal, Canada is another Saputo family cheese business.
- 5. VINCENT COTRONI and REGGIO FOODS of Canada. Cotroni is leader of major Organized Crime faction of Bonanno/Galente organization and owns Reggio Foods which is a major supplier of the Saputo companies.
- 6. ONTARIO IMPORTING COMPANY of Ontario, California is believed by law enforcement authorities to be controlled by Joseph Bonanno, Sr. The company is owned by the Gaglio family and was founded in the mid-1960's by Vito Gaglio, a former holder of stock in Grande Cheese of Wisconsin. See pages 2-3 of Report.
- 7. WINDSOR FOOD of Windsor, Canada and MANINA CHEESE MANU-FACTURING CO. of Canada are both owned by Pino DiBella, sponsored into Canada by Saputo Cheese. He is the nephew of John DiBella, who controlled Grande Cheese of Wisconsin in the 1940's.
- 8. CLOVERDALE DAIRY PRODUCTS of Fairwater, Wisconsin was established by the Falcone brothers of Brooklyn and Grande Cheese.
- 9. F & A CHEESE of Grand Rapids, Michigan, owned by Francesco and Angelo Terranova. The Company was started with a loan from the uncle of the Terranovas, John DiBella of Grande Cheese. F & A Cheese has another

office in Upland, California. Raffael Quasarano, a member of the Jospeh Zerilli criminal organization of Detroit, and Peter Vitale were indicted by a federal grand jury in Detroit in November, 1979 for allegedly extorting \$270,000 from the Terranovas. They were also charged with mail fraud, tax fraud and racketeering. According to the indictment Quasarano and Vitale used "fear of economic loss" and threats of "force and violence" to gain control of an F & A subsidiary, Rogersville Cheese Factory, Inc. in Wisconsin.

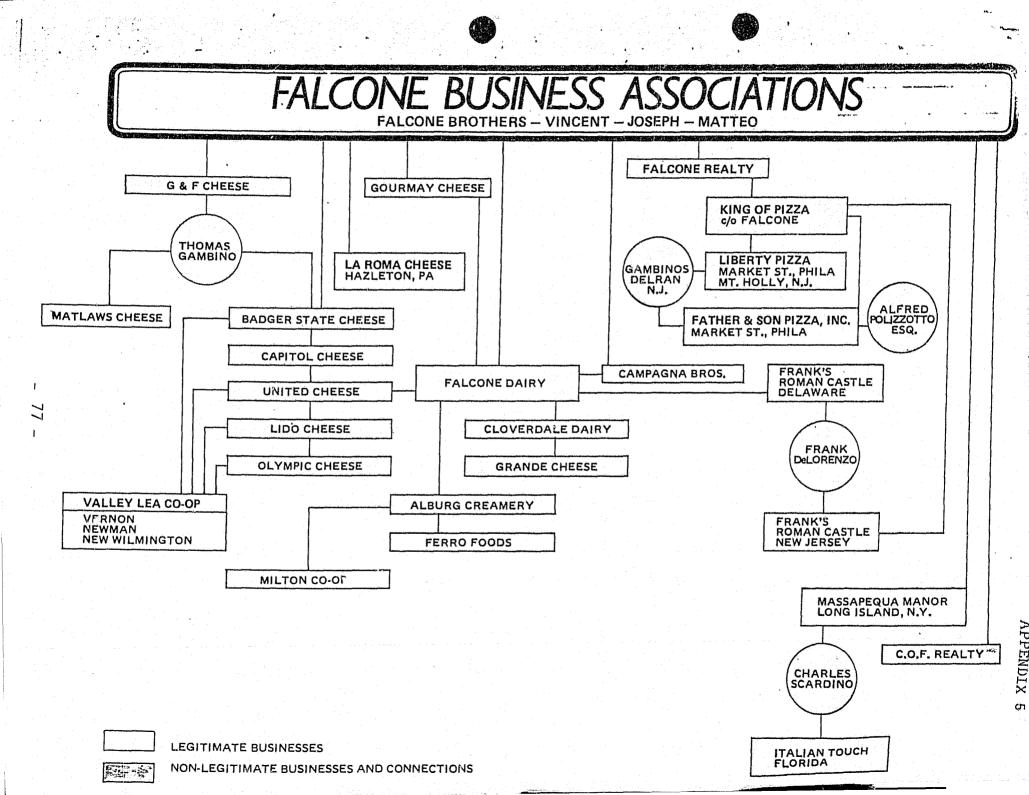
- 10. COLLICA DAIRY, owned by Paul Collica, shares an Upland, California office with F & A Cheese and Grande Cheese. Paul Collica was the third partner, with Grande Cheese and the Falcones, in establishing Cloverdale Dairy in Wisconsin. See #8 above. Collica has another office shared with MASSON CHEESE CORP. of Bell, California.
- 11. MASSON CHEESE CORP., originally called Masson Brunette Cheese Corp. of Port Byron, New York, is owned by Anthony Maggio, who law enforcement agencies believe is a member of the criminal organization of Joseph Cerrito in California. Masson is also part owned by Joseph Chiana, who is a former employee of California Cheese Co. in San Jose, California and is the son of Giuseppe Chiana, a reported "enforcer" for a New York-New Jersey criminal organization.
- CALIFORNIA CHEESE COMPANY was founded by Salvatore Marino, 12. a leader of the SEBASTIAN LaROCCA criminal organization of Pittsburgh, Pennsylvania. Marino and his son, Angelo, moved from Pittsburgh and established California Cheese. LaRocca, himself, stayed in contact with Marino and met with him several times in California along with the leader of the Los Angeles Organized Crime family Frank DeSIMONE. Son Angelo was also the son-in-law of former Philadelphia criminal leader Michael Maggio, Angelo, while in Philadelphia, had worked for M. MAGGIO CHEESE COMPANY which is owned by Michael Maggio's son PETER MAGGIO. In October, 1977 Angelo Marino, his son Salvatore, MAGGIO. and three others were implicated in the murder of Peter Catelli and the attempted murder of his father Orlando The incident, which took place at the offices of California Cheese Co., involved an alleged extortion attempt of the Marinos by Peter Catelli. Both Peter and Orlando Catelli were shot; Peter died and Orlando feigned death. The Marinos, thinking both were dead, stuffed the two bodies in the trunk of Peter Catelli's car and abandoned it in San Francisco. A passerby heard

- Orlando's muffled scream and alerted police. Orlando survived to provide the details. The Marinos were arrested, and at this writing the trial is still pending.
- 13. B & J DAIRY of New Jersey is owned by Joseph Falcone's son, William, and owed \$40,000 to United Cheese which the legitimate Valley Lea Dairies was unable to collect.
- 14. MIDWEST CHEESE, Illinois owed \$10,000 to United Cheese which the legitimate Valley Lea Dairies was unable to collect.
- 15. MATLAWS INC. is a Gambino owned company. Thomas Gambino, nephew of the late Carlo Gambino, was president of Matlaws and his father, Joseph--Carlo's brother--was vice-president. Matlaws is a major producer of frozen stuffed claims.
- 16. OLYMPIC CHEESE CO., West Haven, Connecticut, was established by the Falcone firm--Lido Cheese Co. -- and the Thomas and Joseph Gambino firm -- Matlaws, Inc. Olympic, through Thomas Gambino, convinced Vernon Co-op Creamery in Hayfield, Minnesota, a Valley Lea member co-op, to convert from a cheddar to a fetta operation. Gambino provided the expert fetta cheesemaker. When Vernon began having problems collecting payment from Olympic and demanded immediate payment, Gambino responded by removing his cheesemaker, leaving Vernon without a skilled master of Because new equipment had been purchased and installed for fetta conversion, return to cheddar production would have spelled bankruptcy for Vernon. However, after several trying months, and not without financial difficulty, Vernon's manager was alone able to produce and market a good quality fetta cheese.
- 17. GOURMAY CHEESE in Wisconsin was incorporated in 1954 with Joseph Falcone and Matteo Falcone as president and vice-president, respectively. Gourmay Cheese is now a wholly owned subsidiary of Grande Cheese.
- 18. G & F CHEESE CORPORATION of Connecticut. The Falcones owned a small part of this company which used, as a business address, the residential address of Thomas Gambino.
- 19. PAISANO FOODS COMPANY of Illinois. Vincent Falcone has testified that the owners of Paisano Foods included his daughter, Linda; Joseph Falcone's son, Matteo; and Thomas Gambino.
- 20. EAGLE CHEESE COMPANY of Brooklyn, New York was partially owned by Filippo Casmento who was convicted of narcotics smuggling using a New Jersey Piancone Pizza Palace as his base.

- 21. FERRO FOODS of Brooklyn, New York has reached \$7-million in direct sales in a territory from Virginia to Maine. The three owners of the company are all related to the late Paolo Gambino, Carlo's brother. Ferro president, Frank Ferro, and vice president, Carlo D'Arpa, both married Paolo's daughters; and Francis Gambino, Paolo's son, is the corporate secretary-treasurer. The company has been associated with the Falcone brothers.
- 22. GRANDE CHEESE CO., mentioned in the body of this report in reference to Joseph Bonanno, Roma Foods and the Falcones, was born out of a Chicago gang war in 1939. During the first few years of its operation, at least five men, including the owner, were killed. Chicago crime boss Ross Prio eventually gained control of the company. Over the years Grande has been owned by or associated with numerous organized crime figures.

In the 1950's the ownership of Grande Cheese passed from Prio to the DiBella family, John V. and his sister, Rose. John became corporate President in 1959. John had ties to Milwaukee crime boss John Alioto. Rose took over her brother's stock after his death in 1964, and later sold her interest to the Candela and Gaglio families. The Gaglio family owns Ontario Importing, founded by the family patriarch, Vito Gaglio, in the mid-1960's.

23. BRUNO CHEESE CO. of Mount Vernon, New York is a wholly owned subsidiary of Fromage Saputo Ltd., Montreal, Canada (also known as Saputo Cheese). It is one of the three distributors of Saputo Cheese in the U.S. The others are California Olive Oil of Dorchester, Massachusetts and B & T Cheese Co. of Hellam, Pennsylvania.



ACKNOWLEDGMENT

For the two years of this investigation the Pennsylvania Crime Commission conducted countless interviews, surveillances and record searches, and issued many subpoenas.

No investigation of this scale can be done by one agency. The Crime Commission would like to thank these law enforcement agencies for their help and information: Pennsylvania State Police; Fennsylvania Liquor Control Board; Philadelphia Police Department Organized Crime Unit; Pittsburgh Police Department; many other Pennsylvania township and city police departments; Anne Arundel County (Md.) Police Department; Arizona Bureau of Drug Control; Atlantic County (N.J.) Prosecutor's Office; Baltimore City Police Department; Baltimore County Police Department; Delaware State Police: Federal Bureau of Investigation; Florida Department of Law Enforcement; Maryland State Police; New Jersey Alcoholic Beverage Commission; New Jersey State Commission of Investigation: New Jersey State Police - Intelligence Bureau; New York City Police Department; New York State Organized Crime Strike Force; New York State Police; Royal Canadian Mounted Police; U.S. Bureau of Alcohol, Tobacco, and Firearms; U.S. Customs; U.S. Immigration and Naturalization Serivce; U.S. Organized Crime Strike Force; Virginia State Police; Washington, D.C., Metropolitan Police Department.

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